



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2004
OF THE CONDITION AND AFFAIRS OF THE

MCAID

NAIC Group Code34143414NAIC Company Code11557Employer's ID Number32-0026448
(Current)(Prior)

Organized under the Laws of, State of Domicile or Port of EntryMichigan

Country of DomicileUnited States of America

Licensed as business type:Health Maintenance Organization

Is HMO Federally Qualified? Yes [X] No []

Incorporated09/25/2002Commenced Business01/01/2003

Statutory Home Office2301 Commonwealth Blvd. Ann Arbor , MI 48377
(Street and Number)(City or Town, State and Zip Code)

Main Administrative Office2301 Commonwealth Blvd. Ann Arbor , MI 48105734-747-8700
(Street and Number)(City or Town, State and Zip Code)(Area Code) (Telephone Number)

Mail Address2301 Commonwealth Blvd. Ann Arbor , MI 48105
(Street and Number or P.O. Box)(City or Town, State and Zip Code)

Primary Location of Books and Records2301 Commonwealth Blvd. Ann Arbor , MI 48105734-747-8700
(Street and Number)(City or Town, State and Zip Code)(Area Code) (Telephone Number)

Internet Website Address

Statutory Statement ContactTonya D. Moore734-332-2351
(Name)(Area Code) (Telephone Number)
Tdmooore@mcare.med.umich.edu734-332-2177
(E-mail Address)(FAX Number)

Policyowner Relations Contact2301 Commonwealth Blvd. Ann Arbor , MI 48105734-913-2211
(Street and Number)(City or Town, State and Zip Code)(Area Code) (Telephone Number)

OFFICERS

PresidentZelda Geyer-Sylvia

TreasurerDouglas L. Strong

SecretaryLarry Warren

OTHER

DIRECTORS OR TRUSTEES

Zelda Geyer-Sylvia

Joleen Immerfall

Robert P. Kelch M.D.

State ofMichigan

County ofWashtenaw

SS:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Zelda Geyer-SylviaPresident

Larry WarrenSecretary

Douglas L. StrongTreasurer

Subscribed and sworn to before me this day of

a. Is this an original filing? Yes [X] No []

b. If no,
1. State the amendment number.....
2. Date filed
3. Number of pages attached.....

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	1,078,089	0	1,078,089	1,066,928
2. Stocks (Schedule D):				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	0	0	0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$0 encumbrances)	0	0	0	0
5. Cash (\$(196,791) , Schedule E - Part 1), cash equivalents (\$0 , Schedule E - Part 2) and short-term investments (\$927,020 , Schedule DA)	730,229	0	730,229	210,174
6. Contract loans, (including \$0 premium notes)	0	0	0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivable for securities	0	0	0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,808,318	0	1,808,318	1,277,102
11. Investment income due and accrued	28,943	0	28,943	9
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	0	0	0	78,297
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$0 earned but unbilled premiums)	0	0	0	0
12.3 Accrued retrospective premiums	0	0	0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	0	0	0	0
13.2 Funds held by or deposited with reinsured companies	0	0	0	0
13.3 Other amounts receivable under reinsurance contracts	0	0	0	0
14. Amounts receivable relating to uninsured plans	0	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0	0
15.2 Net deferred tax asset	0	0	0	0
16. Guaranty funds receivable or on deposit	0	0	0	0
17. Electronic data processing equipment and software	0	0	0	0
18. Furniture and equipment, including health care delivery assets (\$0)	0	0	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
20. Receivables from parent, subsidiaries and affiliates	28,282	0	28,282	730,711
21. Health care (\$0) and other amounts receivable	1,975,579	516,831	1,458,748	1,099,769
22. Other assets nonadmitted	0	0	0	0
23. Aggregate write-ins for other than invested assets	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	3,841,122	516,831	3,324,291	3,185,888
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
26. Total (Lines 24 and 25)	3,841,122	516,831	3,324,291	3,185,888
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301.	0	0	0	0
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$0 reinsurance ceded)	1,210,140	0	1,210,140	1,052,086
2. Accrued medical incentive pool and bonus amounts	0	0	0	0
3. Unpaid claims adjustment expenses	37,912	0	37,912	47,683
4. Aggregate health policy reserves.....	0	0	0	0
5. Aggregate life policy reserves.....	0	0	0	0
6. Property/casualty unearned premium reserves.....	0	0	0	0
7. Aggregate health claim reserves.....	0	0	0	0
8. Premiums received in advance.....	0	0	0	0
9. General expenses due or accrued.....	17,768	0	17,768	22,055
10.1 Current federal and foreign income tax payable and interest thereon (including \$0 on realized capital gains (losses))	0	0	0	0
10.2 Net deferred tax liability.....	0	0	0	0
11. Ceded reinsurance premiums payable.....	0	0	0	0
12. Amounts withheld or retained for the account of others.....	0	0	0	0
13. Remittance and items not allocated.....	0	0	0	0
14. Borrowed money (including \$0 current) and interest thereon \$0 (including \$0 current).....	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates.....	0	0	0	0
16. Payable for securities.....	0	0	0	0
17. Funds held under reinsurance treaties (with \$0 authorized reinsurers and \$0 unauthorized reinsurers).....	0	0	0	0
18. Reinsurance in unauthorized companies.....	0	0	0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
20. Liability for amounts held under uninsured accident and health plans.....	0	0	0	0
21. Aggregate write-ins for other liabilities (including \$0 current).....	0	0	0	0
22. Total liabilities (Lines 1 to 21).....	1,265,820	0	1,265,820	1,121,824
23. Common capital stock.....	XXX	XXX	0	0
24. Preferred capital stock.....	XXX	XXX	0	0
25. Gross paid in and contributed surplus.....	XXX	XXX	1,750,000	1,750,000
26. Surplus notes.....	XXX	XXX	0	0
27. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
28. Unassigned funds (surplus).....	XXX	XXX	308,471	314,063
29. Less treasury stock, at cost:				
29.1 .....0 shares common (value included in Line 23 \$0).....	XXX	XXX	0	0
29.2 .....0 shares preferred (value included in Line 24 \$0).....	XXX	XXX	0	0
30. Total capital and surplus (Lines 23 to 28 minus Line 29).....	XXX	XXX	2,058,471	2,064,063
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	3,324,291	3,185,887
DETAILS OF WRITE-INS				
2101. ~	0	0	0	0
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198)(Line 21 above)	0	0	0	0
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	190,408	178,205
2. Net premium income (including \$0 non-health premium income)	XXX	29,686,842	26,374,711
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	0
4. Fee-for-service (net of \$0 medical expenses)	XXX	0	0
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	(1,681,669)	(1,023,554)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	28,005,173	25,351,157
Hospital and Medical:			
9. Hospital/medical benefits	0	19,068,962	17,037,410
10. Other professional services	0	0	0
11. Outside referrals	0	0	0
12. Emergency room and out-of-area	0	0	0
13. Prescription drugs	0	4,428,862	4,274,305
14. Aggregate write-ins for other hospital and medical.....	0	1,426,402	1,244,285
15. Incentive pool, withhold adjustments, and bonus amounts	0	0	0
16. Subtotal (Lines 9 to 15)	0	24,924,226	22,556,000
Less:			
17. Net reinsurance recoveries	0	0	0
18. Total hospital and medical (Lines 16 minus 17)	0	24,924,226	22,556,000
19. Non-health claims	0	0	0
20. Claims adjustment expenses, including \$134,842 cost containment expenses	0	230,389	0
21. General administrative expenses	0	2,459,029	2,445,239
22. Increase in reserves for life and accident and health contracts (including \$0 increase in reserves for life only)	0	0	0
23. Total underwriting deductions (Lines 18 through 22).....	0	27,613,644	25,001,239
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	391,529	349,918
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)	0	83,589	55,808
26. Net realized capital gains (losses)	0	0	0
27. Net investment gains (losses) (Lines 25 plus 26)	0	83,589	55,808
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$0) (amount charged off \$0)]	0	0	0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	475,118	405,726
31. Federal and foreign income taxes incurred	XXX	0	0
32. Net income (loss) (Lines 30 minus 31)	XXX	475,118	405,726
DETAILS OF WRITE-INS			
0601. Quality Assurance Assessment Fee	XXX	(1,681,669)	(1,023,554)
0602.	XXX		
0603	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	(1,681,669)	(1,023,554)
0701.	XXX		
0702.	XXX		
0703	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401. Misc. Health and Mental Health	0	1,426,402	1,240,481
1402. Stop Loss Insurance	0	0	3,804
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	1,426,402	1,244,285
2901. ~	0	0	0
2902.			
2903			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting year.....	2,064,063	1,048,319
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	475,118	405,726
35. Change in valuation basis of aggregate policy and claim reserves	0	0
36. Net unrealized capital gains and losses.....	(16,671)	(37,190)
37. Change in net unrealized foreign exchange capital gain or (loss)	0	0
38. Change in net deferred income tax	0	0
39. Change in nonadmitted assets	(464,039)	(52,792)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles.....	0	0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....	0	0
45. Surplus adjustments:		
45.1 Paid in	0	700,000
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital	0	0
46. Dividends to stockholders	0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	(5,592)	1,015,744
49. Capital and surplus end of reporting period (Line 33 plus 48)	2,058,471	2,064,063
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	29,765,139	26,296,414
2. Net investment income	88,914	55,799
3. Miscellaneous income	(2,557,479)	(1,023,554)
4. Total (Lines 1 through 3)	27,296,574	25,328,659
5. Benefit and loss related payments	24,766,172	21,503,914
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	2,703,476	2,375,501
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) \$0 net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	27,469,648	23,879,415
11. Net cash from operations (Line 4 minus Line 10)	(173,074)	1,449,244
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	62,752	5,403
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	16,671	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	79,423	5,403
13. Cost of investments acquired (long-term only):		
13.1 Bonds	141,515	61,202
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	141,515	61,202
14. Net increase (decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(62,092)	(55,799)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	700,000
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	755,221	(1,883,271)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	755,221	(1,183,271)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)	520,055	210,174
19. Cash and short-term investments:		
19.1 Beginning of year	210,174	0
19.2 End of year (Line 18 plus Line 19.1)	730,229	210,174

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	29,686,842	.0	.0	.0	.0	.0	.0	29,690,277	(3,435)	.0	.0	.0	.0
2. Change in unearned premium reserves and reserve for rate credit .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. Fee-for-service (net of \$0 medical expenses) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
4. Risk revenue .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
5. Aggregate write-ins for other health care related revenues	(1,681,669)	.0	.0	.0	.0	.0	.0	(1,681,669)	.0	.0	.0	.0	XXX
6. Aggregate write-ins for other non-health care related revenues .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
7. Total revenues (Lines 1 to 6)	28,005,173	.0	.0	.0	.0	.0	.0	28,008,608	(3,435)	.0	.0	.0	.0
8. Hospital/medical benefits	19,068,962	.0	.0	.0	.0	.0	.0	19,068,962	.0	.0	.0	.0	XXX
9. Other professional services .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
10. Outside referrals .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
11. Emergency room and out-of-area .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
12. Prescription drugs	4,428,862	.0	.0	.0	.0	.0	.0	4,428,862	.0	.0	.0	.0	XXX
13. Aggregate write-ins for other hospital and medical revenues	1,426,402	.0	.0	.0	.0	.0	.0	1,426,402	.0	.0	.0	.0	XXX
14. Incentive pool, withhold adjustments and bonus amounts .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
15. Subtotal (Lines 8 to 14)	24,924,226	.0	.0	.0	.0	.0	.0	24,924,226	.0	.0	.0	.0	XXX
16. Net reinsurance recoveries .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
17. Total medical and hospital (Lines 15 minus 16)	24,924,226	.0	.0	.0	.0	.0	.0	24,924,226	.0	.0	.0	.0	XXX
18. Non-health claims (net) .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
19. Claims adjustment expenses including \$0 cost containment expenses	230,389	.0	.0	.0	.0	.0	.0	230,389	.0	.0	.0	.0	.0
20. General administrative expenses	2,459,029	.0	.0	.0	.0	.0	.0	2,459,029	.0	.0	.0	.0	.0
21. Increase in reserves for accident and health contracts .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
22. Increase in reserves for life contracts .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
23. Total underwriting deductions (Lines 17 to 22)	27,613,644	.0	.0	.0	.0	.0	.0	27,613,644	.0	.0	.0	.0	.0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	391,529	0	0	0	0	0	0	394,964	(3,435)	0	0	0	0
DETAILS OF WRITE-INS													
0501. Quality Assurance Assessment Fee	(1,681,669)	.0	.0	.0	.0	.0	.0	(1,681,669)	.0	.0	.0	.0	XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(1,681,669)	0	0	0	0	0	0	(1,681,669)	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Misc. Health and Mental Health	1,426,402	.0	.0	.0	.0	.0	.0	1,426,402	.0	.0	.0	.0	XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	1,426,402	0	0	0	0	0	0	1,426,402	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	0	0	0	0
2. Medicare Supplement	0	0	0	0
3. Dental only	0	0	0	0
4. Vision only	0	0	0	0
5. Federal Employees Health Benefits Plan	0	0	0	0
6. Title XVIII - Medicare	0	0	0	0
7. Title XIX - Medicaid	28,008,608	0	3,435	28,005,173
8. Stop loss	0	0	0	0
9. Disability income	0	0	0	0
10. Long-term care	0	0	0	0
11. Other health	0	0	0	0
12. Health subtotal (Lines 1 through 11)	28,008,608	0	3,435	28,005,173
13. Life	0	0	0	0
14. Property/casualty	0	0	0	0
15. Totals (Lines 12 to 14)	28,008,608	0	3,435	28,005,173

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	24,813,855	0	0	0	0	0	0	24,813,855	0	0	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
1.4 Net	24,813,855	0	0	0	0	0	0	24,813,855	0	0	0	0	0
2. Paid medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	1,210,140	0	0	0	0	0	0	1,210,140	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	1,210,140	0	0	0	0	0	0	1,210,140	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Amounts recoverable from reinsurers December 31, current year	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	1,099,769	0	0	0	0	0	0	1,099,769	0	0	0	0	0
7.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
7.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
7.4 Net	1,099,769	0	0	0	0	0	0	1,099,769	0	0	0	0	0
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Incurred Benefits:													
11.1 Direct	24,924,226	0	0	0	0	0	0	24,924,226	0	0	0	0	0
11.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
11.4 Net	24,924,226	0	0	0	0	0	0	24,924,226	0	0	0	0	0
12. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. Incurred but Unreported:													
2.1 Direct	1,210,140	.0	.0	.0	.0	.0	.0	1,210,140	.0	.0	.0	.0	.0
2.3 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.4 Net	1,210,140	.0	.0	.0	.0	.0	.0	1,210,140	.0	.0	.0	.0	.0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:													
4.1 Direct	1,210,140	.0	.0	.0	.0	.0	.0	1,210,140	.0	.0	.0	.0	.0
4.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4 Net	1,210,140	.0	.0	.0	.0	.0	.0	1,210,140	.0	.0	.0	.0	.0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	0	0	0	0	0	0
2. Medicare Supplement	0	0	0	0	0	0
3. Dental Only	0	0	0	0	0	0
4. Vision Only	0	0	0	0	0	0
5. Federal Employees Health Benefits Plan	0	0	0	0	0	0
6. Title XVIII - Medicare	0	0	0	0	0	0
7. Title XIX - Medicaid	991,795	23,822,060	19,938	1,190,202	1,011,733	1,099,769
8. Other health	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8)	991,795	23,822,060	19,938	1,190,202	1,011,733	1,099,769
10. Other non-health	0	0	0	0	0	0
11. Medical incentive pools and bonus amounts	0	0	0	0	0	0
12. Totals (Lines 9 to 11)	991,795	23,822,060	19,938	1,190,202	1,011,733	1,099,769

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred						Cumulative Net Amounts Paid				
						1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					0	0	0	0	0
2.	2000					0	0	0	0	0
3.	2001					XXX	0	0	0	0
4.	2002					XXX	XXX	0	0	0
5.	2003					XXX	XXX	XXX	21,456	0
6.	2004					XXX	XXX	XXX	XXX	23,676

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred						Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
						1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					0	0	0	0	0
2.	2000					0	0	0	0	0
3.	2001					XXX	0	0	0	0
4.	2002					XXX	XXX	0	0	0
5.	2003					XXX	XXX	XXX	22,556	0
6.	2004					XXX	XXX	XXX	XXX	24,924

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX

Years in which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payment	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1.	2000	0	0	0	0.0	0	0.0	0	0	0	0.0
2.	2001	0	0	0	0.0	0	0.0	0	0	0	0.0
3.	2002	0	0	0	0.0	0	0.0	0	0	0	0.0
4.	2003	25,351	21,456	0	0.0	21,456	84.6	1,052	47	22,555	89.0
5.	2004	28,005	23,676	0	0.0	23,676	84.5	1,210	38	24,924	89.0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	0	0	0	0	0
2.	2000	0	0	0	0	0
3.	2001	XXX	0	0	0	0
4.	2002	XXX	XXX	0	0	0
5.	2003	XXX	XXX	XXX	0	0
6.	2004	XXX	XXX	XXX	XXX	23,676

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	0	0	0	0	0
2.	2000	0	0	0	0	0
3.	2001	XXX	0	0	0	0
4.	2002	XXX	XXX	0	0	0
5.	2003	XXX	XXX	XXX	0	0
6.	2004	XXX	XXX	XXX	XXX	24,924

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2000	0	0	0	0.0	0	0.0	0	0	0	0.0
2. 2001	0	0	0	0.0	0	0.0	0	0	0	0.0
3. 2002	0	0	0	0.0	0	0.0	0	0	0	0.0
4. 2003	25,351	21,456	0	0.0	21,456	84.6	1,052	47	22,555	89.0
5. 2004	28,005	23,676	0	0.0	23,676	84.5	1,210	38	24,924	89.0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY												
	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves												
2. Additional policy reserves (a)												
3. Reserve for future contingent benefits												
4. Reserve for rate credits or experience rating refunds (including \$) for investment income												
5. Aggregate write-ins for other policy reserves ...												
6. Totals (Gross)												
7. Reinsurance ceded												
8. Totals (Net)(Page 3, Line 4)												
CLAIM RESERVE												
9. Present value of amounts not yet due on claims												
10. Reserve for future contingent benefits												
11. Aggregate write-ins for other claim reserves ...												
12. Totals (Gross)												
13. Reinsurance ceded												
14. Totals (Net)(Page 3, Line 7)												
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page.....												
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)												
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page												
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)												

(a) Includes \$ premium deficiency reserve.

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

UNDERWRITING AND INVESTMENT EXHIBIT

	Claim Adjustment Expenses		3	4	5
	1	2			
	Claim Adjustment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$0 for occupancy of own building)	0	0	0	0	0
2. Salary, wages and other benefits	0	0	0	0	0
3. Commissions (less \$0 ceded plus \$0 assumed)	0	0	0	0	0
4. Legal fees and expenses	0	0	0	0	0
5. Certifications and accreditation fees	0	0	0	0	0
6. Auditing, actuarial and other consulting services	0	0	0	0	0
7. Traveling expenses	0	0	0	0	0
8. Marketing and advertising	0	0	0	0	0
9. Postage, express and telephone	0	0	0	0	0
10. Printing and office supplies	0	0	0	0	0
11. Occupancy, depreciation and amortization	0	0	0	0	0
12. Equipment	0	0	0	0	0
13. Cost or depreciation of EDP equipment and software	0	0	0	0	0
14. Outsourced services including EDP, claims, and other services	0	0	0	0	0
15. Boards, bureaus and association fees	0	0	0	0	0
16. Insurance, except on real estate	0	0	0	0	0
17. Collection and bank service charges	0	0	0	0	0
18. Group service and administration fees	0	0	0	0	0
19. Reimbursements by uninsured accident and health plans	0	0	0	0	0
20. Reimbursements from fiscal intermediaries	0	0	0	0	0
21. Real estate expenses	0	0	0	0	0
22. Real estate taxes	0	0	0	0	0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	0	0	0	0	0
23.2 State premium taxes	0	0	0	0	0
23.3 Regulatory authority licenses and fees	0	0	0	0	0
23.4 Payroll taxes	0	0	0	0	0
23.5 Other (excluding federal income and real estate taxes)	0	0	0	0	0
24. Investment expenses not included elsewhere	0	0	0	0	0
25. Aggregate write-ins for expenses	134,842	95,547	2,459,029	868	2,690,286
26. Total expenses incurred (Lines 1 to 25)	134,842	95,547	2,459,029	868	(a) .....2,690,286
27. Less expenses unpaid December 31, current year	0	0	17,768	0	17,768
28. Add expenses unpaid December 31, prior year	0	0	22,055	0	22,055
29. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured accident and health plans, current year	0	0	0	0	0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	134,842	95,547	2,463,316	868	2,694,573
DETAILS OF WRITE-INS					
2501. Fees under the Management Agreement	134,842	95,547	2,456,037	0	2,686,426
2502. Miscellaneous	0	0	2,992	868	3,860
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	134,842	95,547	2,459,029	868	2,690,286

(a) Includes management fees of \$0 to affiliates and \$0 to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds	(a) .....63,861	.....54,487
1.1	Bonds exempt from U.S. tax	(a) .....0	.....0
1.2	Other bonds (unaffiliated)	(a) .....0	.....0
1.3	Bonds of affiliates	(a) .....0	.....0
2.1	Preferred stocks (unaffiliated)	(b) .....0	.....0
2.11	Preferred stocks of affiliates	(b) .....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0
3.	Mortgage loans	(c) .....0	.....0
4.	Real estate	(d) .....0	.....0
5	Contract Loans .....	.....0	.....0
6	Cash, cash equivalents and short-term investments	(e) .....27,691	.....31,740
7	Derivative instruments	(f) .....0	.....0
8.	Other invested assets .....	.....0	.....0
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	91,552	86,227
11.	Investment expenses		(g) .....868
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) .....0
13.	Interest expense		(h) .....1,770
14.	Depreciation on real estate and other invested assets		(i) .....0
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15)		2,638
17.	Net investment income (Line 10 minus Line 16)		83,589
DETAILS OF WRITE-INS			
0901.	.....	
0902.	.....	
0903.	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1303 plus 1598) (Line 15, above)		0

- (a) Includes \$0 accrual of discount less \$34,259 amortization of premium and less \$1,771 paid for accrued interest on purchases.
- (b) Includes \$0 accrual of discount less \$0 amortization of premium and less \$0 paid for accrued dividends on purchases.
- (c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$0 paid for accrued interest on purchases.
- (d) Includes \$0 for company's occupancy of its own buildings; and excludes \$0 interest on encumbrances.
- (e) Includes \$0 accrual of discount less \$0 amortization of premium and less \$0 paid for accrued interest on purchases.
- (f) Includes \$0 accrual of discount less \$0 amortization of premium.
- (g) Includes \$.868 investment expenses and \$0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$0 interest on surplus notes and \$0 interest on capital notes.
- (i) Includes \$0 depreciation on real estate and \$0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds	0	0	(16,671)	(16,671)
1.1	Bonds exempt from U.S. tax	0	0	0	0
1.2	Other bonds (unaffiliated)	0	0	0	0
1.3	Bonds of affiliates	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0
2.2	Common stocks (unaffiliated)	0	0	0	0
2.21	Common stocks of affiliates	0	0	0	0
3.	Mortgage loans	0	0	0	0
4.	Real estate	0	0	0	0
5.	Contract Loans	0	0	0	0
6.	Cash, cash equivalents and short-term investments	0	0	0	0
7.	Derivative instruments	0	0	0	0
8.	Other invested assets	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0
10.	Total capital gains (losses)	0	0	(16,671)	(16,671)
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivable for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Investment income due and accrued	0	0	0
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
12.3 Accrued retrospective premiums	0	0	0
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers	0	0	0
13.2 Funds held by or deposited with reinsured companies	0	0	0
13.3 Other amounts receivable under reinsurance contracts	0	0	0
14. Amounts receivable relating to uninsured plans	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
15.2 Net deferred tax asset	0	0	0
16. Guaranty funds receivable or on deposit	0	0	0
17. Electronic data processing equipment and software	0	0	0
18. Furniture and equipment, including health care delivery assets	0	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
20. Receivable from parent, subsidiaries and affiliates	0	0	0
21. Health care and other amounts receivable	516,831	0	(516,831)
22. Other assets nonadmitted	0	0	0
23. Aggregate write-ins for other than invested assets	0	52,792	52,792
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	516,831	52,792	(464,039)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
26. Total (Lines 24 and 25)	516,831	52,792	(464,039)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Capitation paid in advance	0	52,792	52,792
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	52,792	52,792

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	15,040	15,319	15,827	16,308	16,731	190,408
2. Provider Service Organizations	0	0	0	0	0	0
3. Preferred Provider Organizations	0	0	0	0	0	0
4. Point of Service	0	0	0	0	0	0
5. Indemnity Only	0	0	0	0	0	0
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total	15,040	15,319	15,827	16,308	16,731	190,408
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

M-CAID

Notes to Statutory Filing

December 31, 2004

Note 1—Operations and Summary of Significant Accounting Policies

Summary of Significant Accounting Policies: The financial statements have been prepared in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual except to the extent that the laws of the State of Michigan differ. The State of Michigan adopted codification guidance effective January 1, 2003.

For the purposes of the Statement of Cash Flows, highly liquid investments, excluding noncurrent investments, with an original maturity of three months or less are considered cash equivalents.

Investments in bonds are stated at amortized cost using the constant yield method. Purchases and sales of investments are accounted for on a trade date basis. Investment income is recorded on an accrual basis.

The Corporation contracts with various health care providers for the provision of medical care services to its subscribers. The Corporation compensates providers under capitation and fee-for-service arrangements. Expenses for health care services are accrued as they are rendered, including an estimate of expenses incurred but not reported. The methods for making such estimates are regularly reviewed and updated, and any adjustments resulting therein are reflected in current operations.

Subscription premiums are recognized as revenue in the period in which the member is entitled to service. Premiums collected prior to the effective date of coverage are classified as unearned subscription income.

The preparation of financial statements in conformity with the Annual Statement Instructions and *Accounting Practices and Procedures* manual requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Accounting Changes and Corrections of Errors

This note does not apply to the Corporation in this period.

Note 3 – Business Combinations and Goodwill

This note does not apply to the Corporation in this period.

Note 4 – Discontinued Operations

This note does not apply to the Corporation in this period.

Note 5 – Investments

The Corporation had no investments in mortgage loans, debt restructuring, reverse mortgages, loan-backed securities, repurchase agreements, or real estate.

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

This note does not apply to the Corporation in this period.

Note 7 – Investment Income

As investment income due and accrued was not excluded, this note does not apply to the Corporation in this period.

Note 8 – Derivative Instruments

This note does not apply to the Corporation in this period.

Note 9 – Income Taxes

The Corporation is a not-for-profit 501(C)(4) corporation, and is not subject to federal, state, or local income taxes.

Note 10 – Information Concerning Parent, Subsidiaries and Affiliates

During 2004, the Corporation paid M-CARE \$2,686,000 for services rendered under the management agreement. Additionally, the Corporation paid the University of Michigan Health Services \$24,924,000 in capitation.

Note 11 – Subordinated Note Payable

This note does not apply to the Corporation in this period.

Note 12 – Retirement Plan, Postemployment Benefits

This note does not apply to the Corporation in this period.

Note 13 – Capital and Surplus

The Corporation is wholly owned by M-CARE. There are no shares of stock authorized or issued.

Note 14 – Contingencies

This note does not apply to the Corporation in this period.

Note 15 – Leases

This note does not apply to the Corporation in this period.

Note 16 – Financial Instruments with Off - Balance Sheet Risk

This note does not apply to the Corporation in this period.

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note does not apply to the Corporation in this period.

Note 18 – Gain or Loss from Uninsured Plans

This note does not apply to the Corporation in this period.

Note 19 – Direct Premium Written / Produced by Managing General Agents / Third Party Administrators

This note does not apply to the Corporation in this period.

Note 20 – September 11 Events

This note does not apply to the Corporation in this period.

Note 21 – Other Items

This note does not apply to the Corporation in this period.

Note 22 – Events Subsequent

This note does not apply to the Corporation in this period.

Note 23 – Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ()

No (X)

If yes, give full details.

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ()

No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ()

No (X)

- a. a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate \$N/A.

- b. b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?

\$N/A.

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ()

No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What in the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0.

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ()

No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$N/A

Note 24 – Retrospectively Rated Contracts

This note does not apply to the Corporation in this period.

Note 25 – Change in Incurred Claims and Claim Adjustment Expenses

Changes in accrued health care expenses for the years ended December 31, 2004 and 2003 are summarized as follows:

	<u>2004</u>	<u>2003</u>
	(in thousands)	
Accrued health care expenses, beginning of year	\$ <u>1,100</u>	\$ <u>0</u>
Incurred related to:		
Current year	25,051	22,604
Prior years	<u>(89)</u>	<u>0</u>
Total incurred	<u>24,962</u>	<u>22,604</u>
Paid related to:		
Current year	(23,822)	(21,504)
Prior years	<u>(992)</u>	<u>(0)</u>
Total paid	<u>(24,814)</u>	<u>(21,504)</u>
Accrued health care expenses, end of year	<u>\$ 1,248</u>	<u>\$ 1,100</u>

The liability for accrued health care expenses includes the Corporation's estimate of the total remaining liability for reported and unreported claims, including unpaid claims adjustment expenses. The method of making such estimates and for establishing the resultant reserves is continually reviewed and updated, and any adjustments resulting there from are reflected in expense currently. Although management believes that the provision for unpaid claims is adequate, no assurance can be given that the ultimate settlement of these liabilities may not be greater or less than such estimates. The 2004 health care services expenses include the impact of favorable changes in previous years' incurred but not reported estimates of \$89,000.

Note 26 – Intercompany Pooling Arrangements

This note does not apply to the Corporation in this period.

Note 27 – Structured Settlements

This note does not apply to the Corporation in this period.

Note 28 – Health Care Receivables

As all pharmaceutical rebates are received by the Corporation more than 180 days after billing, no receivables are recorded. Schedule is reported in thousands.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2004	\$64	\$0	\$0	\$0	\$64
9/30/2004	107	0	0	0	107
6/30/2004	0	0	0	0	0
3/30/2004	164	0	0	0	164
12/31/2003	125	0	0	0	125
9/30/2003	30	0	0	0	30
6/30/2003	20	0	0	0	20
3/31/2003	26	0	0	0	26
12/31/2002	25	0	0	0	25
9/30/2002	32	0	0	0	32
6/30/2002	26	0	0	0	26
3/31/2002	24	0	0	0	24

Note 29 – Participating Policies

This note does not apply to the Corporation in this period.

Note 30 – Premium Deficiency Reserves

This note does not apply to the Corporation in this period.

Note 31 – Anticipated Salvage and Subrogation

This note does not apply to the Corporation in this period.

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	1,078,089	59.6	1,078,089	59.6
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	0	0.0	0	0.0
1.22 Issued by U.S. government sponsored agencies	0	0.0	0	0.0
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	0	0.0	0	0.0
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :				
1.41 States, territories and possessions general obligations	0	0.0	0	0.0
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.0	0	0.0
1.43 Revenue and assessment obligations	0	0.0	0	0.0
1.44 Industrial development and similar obligations	0	0.0	0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	0	0.0	0	0.0
1.512 Issued or guaranteed by FNMA and FHLMC	0	0.0	0	0.0
1.513 All other	0	0.0	0	0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	0	0.0	0	0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	0	0.0	0	0.0
1.523 All other	0	0.0	0	0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	0	0.0	0	0.0
2.2 Unaffiliated foreign securities	0	0.0	0	0.0
2.3 Affiliated securities	0	0.0	0	0.0
3. Equity interests:				
3.1 Investments in mutual funds	0	0.0	0	0.0
3.2 Preferred stocks:				
3.21 Affiliated	0	0.0	0	0.0
3.22 Unaffiliated	0	0.0	0	0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.0	0	0.0
3.32 Unaffiliated	0	0.0	0	0.0
3.4 Other equity securities:				
3.41 Affiliated	0	0.0	0	0.0
3.42 Unaffiliated	0	0.0	0	0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	0	0.0	0	0.0
3.52 Unaffiliated	0	0.0	0	0.0
4. Mortgage loans:				
4.1 Construction and land development	0	0.0	0	0.0
4.2 Agricultural	0	0.0	0	0.0
4.3 Single family residential properties	0	0.0	0	0.0
4.4 Multifamily residential properties	0	0.0	0	0.0
4.5 Commercial loans	0	0.0	0	0.0
4.6 Mezzanine real estate loans	0	0.0	0	0.0
5. Real estate investments:				
5.1 Property occupied by the company	0	0.0	0	0.0
5.2 Property held for the production of income (includes \$0 of property acquired in satisfaction of debt)	0	0.0	0	0.0
5.3 Property held for sale (\$0 including property acquired in satisfaction of debt)	0	0.0	0	0.0
6. Policy loans	0	0.0	0	0.0
7. Receivables for securities	0	0.0	0	0.0
8. Cash, cash equivalents and short-term investments	730,229	40.4	730,229	40.4
9. Other invested assets	0	0.0	0	0.0
10. Total invested assets	1,808,318	100.0	1,808,318	100.0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐

1.3

State Regulating?

Michigan

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒

2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2003

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

3.4

By what department or departments?

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

4.12 renewals?

Yes ☐ No ☒ Yes ☐ No ☒

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

4.22 renewals?

Yes ☐ No ☒ Yes ☐ No ☒

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

5.2

If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

6.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ☐ No ☒

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒

7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

0.0 %

1	2
Nationality	Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....
.....
.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers, Two Commerce Square, 2001 Market Street Philadelphia, PA 19103
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
PricewaterhouseCoopers LLP, One North Wacker, Chicago, IL 60606
11. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X]
- 11.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No []
13. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.11 To directors or other officers.....\$0

15.12 To stockholders not officers.....\$0

15.13 Trustees, supreme or grand (Fraternal Only)\$0
- 15.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.21 To directors or other officers.....\$0

15.22 To stockholders not officers.....\$0

15.23 Trustees, supreme or grand (Fraternal Only)\$0
- 16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 16.2 If yes, state the amount thereof at December 31 of the current year:
- 16.21 Rented from others.....\$0

16.22 Borrowed from others.....\$0

16.23 Leased from others\$0

16.24 Other\$0

Disclose in Notes to Financial Statements the nature of each obligation.

- 17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 17.2 If answer is yes,
- 17.21 Amount paid as losses or risk adjustment \$0

17.22 Amount paid as expenses\$0

17.23 Other amounts paid\$0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

GENERAL INTERROGATORIES

INVESTMENT

18. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred	0	0	0.000	0	Yes [] No [X]	Yes [] No [X]
Common	0	0	0.000	XXX	XXX	XXX

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [X] No []

19.2 If no, give full and complete information relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1). Yes [] No [X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others \$ 0

20.22 Subject to repurchase agreements \$ 0

20.23 Subject to reverse repurchase agreements \$ 0

20.24 Subject to dollar repurchase agreements \$ 0

20.25 Subject to reverse dollar repurchase agreements \$ 0

20.26 Pledged as collateral \$ 0

20.27 Placed under option agreements \$ 0

20.28 Letter stock or other securities restricted as to sale \$ 0

20.29 Other \$ 0

20.3 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

22.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

GENERAL INTERROGATORIES

INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Nature of Custodian(s)	2 Custodian's Address
Mellon Bank	135 Santilli Hwy.; Everett, MA 02149
.....

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....
.....
.....

23.03 Has there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? Yes [] No [X]

23.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....
.....
.....

23.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....
.....
.....

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)]? Yes [] No [X]

24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
9999999 - Total		0

24.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....
.....

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

GENERAL INTERROGATORIES

INVESTMENT

25. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
25.1 Bonds	2,005,109	2,003,205	1,905
25.2 Preferred stocks	0	0	0
25.3 Totals	2,005,109	2,003,205	1,905

25.4 Describe the sources or methods utilized in determining the fair values:
Per Mellon monthly investment statement

26.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes [] No []

26.2 If no, list exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?\$0

27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....
.....

28.1 Amount of payments for legal expenses, if any?\$0

28.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....
.....

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$0

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....
.....

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M-CAID

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [☐] No [☒ X]

1.2

If yes, indicate premium earned on U. S. business only

\$ 0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$ 0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ 0

1.62

Total incurred claims

\$ 0

1.63

Number of covered lives

0

All years prior to most current three years

1.64

Total premium earned

\$ 0

1.65

Total incurred claims

\$ 0

1.66

Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$ 0

1.72

Total incurred claims

\$ 0

1.73

Number of covered lives

0

All years prior to most current three years

1.74

Total premium earned

\$ 0

1.75

Total incurred claims

\$ 0

1.76

Number of covered lives

0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

29,686,842

26,374,711

2.2

Premium Denominator

29,686,842

26,374,711

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

1,210,140

1,099,769

2.5

Reserve Denominator

1,210,140

1,052,086

2.6

Reserve Ratio (2.4/2.5)

1.000

1.045

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [☐] No [☒ X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [☒ X] No [☐]

4.2

If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [☐] No [☐]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [☒ X] No [☐]

5.2

If no, explain

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$ 200,000

5.32

Medical Only

\$ 0

5.33

Medicare Supplement

\$ 0

5.34

Dental

\$ 0

5.35

Other Limited Benefit Plan

\$ 0

5.36

Other

\$ 0

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
M-CAID currently has an insolvency arrangement with Allianz Life Insurance Company for insolvency protection

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?.....

Yes [☒ X] No [☐]

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

1,109

8.2

Number of providers at end of reporting year

1,311

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [☐] No [☒ X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months..

\$ 0

9.22

Business with rate guarantees over 36 months

\$ 0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [] No [X]

10.2

If yes:

10.21

Maximum amount payable bonuses.....

\$0

10.22

Amount actually paid for year bonuses.....

\$0

10.23

Maximum amount payable withholds.....

\$0

10.24

Amount actually paid for year withholds.....

\$0

11.1

Is the reporting entitiy organized as:

11.12

A Medical Group/Staff Model,

Yes [] No [X]

11.13

An Individual Practice Association (IPA), or, .

Yes [] No [X]

11.14

A Mixed Model (combination of above)?

Yes [] No [X]

11.2

Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [] No [X]

11.3

If yes, show the name of the state requiring such net worth

11.4

If yes, show the amount required

\$0

11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [] No [X]

11.6

If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
.....
.....
.....

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

FIVE-YEAR HISTORICAL DATA

	1 2004	2 2003	3 2002	4 2001	5 2000
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	3,324,291	3,185,888	1,048,319	0	0
2. Total liabilities (Page 3, Line 22)	1,265,820	1,121,824	0	0	0
3. Statutory surplus	0	0	0	0	0
4. Total capital and surplus (Page 3, Line 30)	2,058,471	2,064,064	1,048,319	0	0
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	28,005,173	25,351,157	0	0	0
6. Total medical and hospital expenses (Line 18)	24,924,226	22,556,000	0	0	0
7. Claims adjustment expenses (Line 20)	230,389	0	0	0	0
8. Total administrative expenses (Line 21)	2,459,029	2,445,239	0	0	0
9. Net underwriting gain (loss) (Line 24)	391,529	349,918	0	0	0
10. Net investment gain (loss) (Line 27)	83,589	55,808	(1,681)	0	0
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	475,118	405,726	(1,681)	0	0
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	2,058,471	2,064,064	1,987,916	0	0
14. Authorized control level risk-based capital	751,578	717,095	652,854	0	0
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	16,731	15,040	0	0	0
16. Total members months (Column 6, Line 7)	190,408	178,205	0	0	0
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus 19)	84.0	85.5	0.0	0.0	0.0
19. Cost containment expenses	0.5	XXX	XXX	XXX	XXX
20. Other claims adjustment expenses	0.3	0.0	0.0	0.0	0.0
21. Total underwriting deductions (Line 23)	93.0	94.8	0.0	0.0	0.0
22. Total underwriting gain (loss) (Line 24)	1.3	1.3	0.0	0.0	0.0
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 12, Col. 5)	1,011,733	0	0	0	0
24. Estimated liability of unpaid claims-[prior year (Line 12, Col. 6)]	1,099,769	0	0	0	0
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
29. Affiliated mortgage loans on real estate	0	0	0	0	0
30. All other affiliated	0	0	0	0	0
31. Total of above Lines 25 to 30	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year		1	2	3	4
Description		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	1,078,089	1,076,185	1,156,471	1,051,428
	2. Canada	0	0	0	0
	3. Other Countries	0	0	0	0
	4. Totals	1,078,089	1,076,185	1,156,471	1,051,428
States, Territories and Possessions (Direct and guaranteed)	5. United States	0	0	0	0
	6. Canada	0	0	0	0
	7. Other Countries	0	0	0	0
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	0	0	0	0
	10. Canada	0	0	0	0
	11. Other Countries	0	0	0	0
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non- guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	0	0	0	0
	14. Canada	0	0	0	0
	15. Other Countries	0	0	0	0
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States	0	0	0	0
	18. Canada	0	0	0	0
	19. Other Countries	0	0	0	0
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	0	0	0	0
	22. Canada	0	0	0	0
	23. Other Countries	0	0	0	0
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	1,078,089	1,076,185	1,156,471	1,051,428
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States	0	0	0	
	28. Canada	0	0	0	
	29. Other Countries	0	0	0	
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	0	0	0	
	32. Canada	0	0	0	
	33. Other Countries	0	0	0	
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States	0	0	0	
	36. Canada	0	0	0	
	37. Other Countries	0	0	0	
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States	0	0	0	
	42. Canada	0	0	0	
	43. Other Countries	0	0	0	
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	0	0	0	
	46. Canada	0	0	0	
	47. Other Countries	0	0	0	
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States	0	0	0	
	50. Canada	0	0	0	
	51. Other Countries	0	0	0	
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	1,078,089	1,076,185	1,156,471	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	1,066,928	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Col. 7, Part 3	141,515	6.1 Col. 15, Part 1	0
3. Increase (decrease) by adjustment:		6.2 Col. 19, Part 2, Sec. 1	0
3.1 Col. 12 + 13 - 14, Part 1	(50,930)	6.3 Col. 16, Part 2, Sec. 2	0
3.2 Col. 18, Part 2, Sec. 1	0	6.4 Col. 15, Part 4	0
3.3 Col. 15, Part 2, Sec. 2	0		
3.4 Col. 14, Part 4	0		
4. Total gain (loss), Col. 19, Part 4	0	7. Book/adjusted carrying value at end of current period	1,078,089
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	79,424	8. Total valuation allowance	0
		9. Subtotal (Lines 7 plus 8)	1,078,089
		10. Total nonadmitted amounts	0
		11. Statement value of bonds and stocks, current period	1,078,089

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

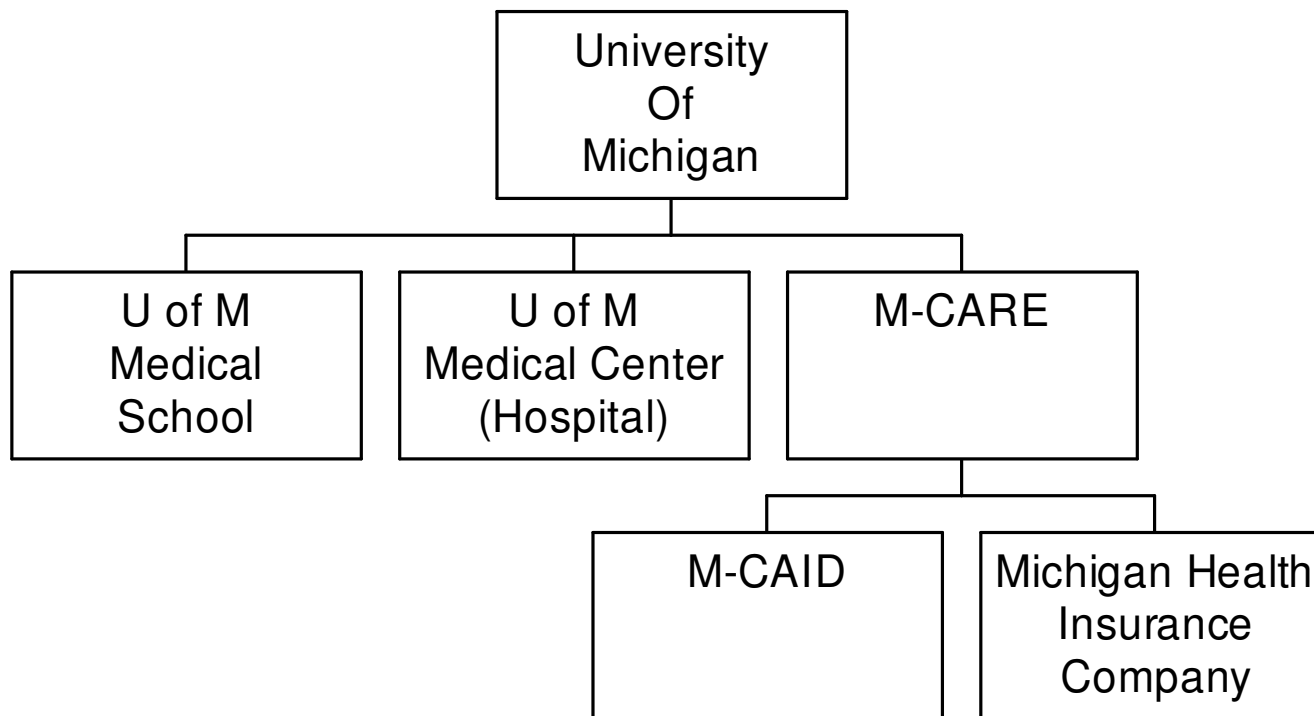
SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories								
States, etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only					
			3 Accident and Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life and Annuity Premiums and Deposit-Type Contract Funds	8 Property/ Casualty Premiums
1. Alabama	AL	NO	0	0	0	0	0	0
2. Alaska	AK	NO	0	0	0	0	0	0
3. Arizona	AZ	NO	0	0	0	0	0	0
4. Arkansas	AR	NO	0	0	0	0	0	0
5. California	CA	NO	0	0	0	0	0	0
6. Colorado	CO	NO	0	0	0	0	0	0
7. Connecticut	CT	NO	0	0	0	0	0	0
8. Delaware	DE	NO	0	0	0	0	0	0
9. District of Columbia	DC	NO	0	0	0	0	0	0
10. Florida	FL	NO	0	0	0	0	0	0
11. Georgia	GA	NO	0	0	0	0	0	0
12. Hawaii	HI	NO	0	0	0	0	0	0
13. Idaho	ID	NO	0	0	0	0	0	0
14. Illinois	IL	NO	0	0	0	0	0	0
15. Indiana	IN	NO	0	0	0	0	0	0
16. Iowa	IA	NO	0	0	0	0	0	0
17. Kansas	KS	NO	0	0	0	0	0	0
18. Kentucky	KY	NO	0	0	0	0	0	0
19. Louisiana	LA	NO	0	0	0	0	0	0
20. Maine	ME	NO	0	0	0	0	0	0
21. Maryland	MD	NO	0	0	0	0	0	0
22. Massachusetts	MA	NO	0	0	0	0	0	0
23. Michigan	MI	YES	0	0	28,008,608	0	0	0
24. Minnesota	MN	NO	0	0	0	0	0	0
25. Mississippi	MS	NO	0	0	0	0	0	0
26. Missouri	MO	NO	0	0	0	0	0	0
27. Montana	MT	NO	0	0	0	0	0	0
28. Nebraska	NE	NO	0	0	0	0	0	0
29. Nevada	NV	NO	0	0	0	0	0	0
30. New Hampshire	NH	NO	0	0	0	0	0	0
31. New Jersey	NJ	NO	0	0	0	0	0	0
32. New Mexico	NM	NO	0	0	0	0	0	0
33. New York	NY	NO	0	0	0	0	0	0
34. North Carolina	NC	NO	0	0	0	0	0	0
35. North Dakota	ND	NO	0	0	0	0	0	0
36. Ohio	OH	NO	0	0	0	0	0	0
37. Oklahoma	OK	NO	0	0	0	0	0	0
38. Oregon	OR	NO	0	0	0	0	0	0
39. Pennsylvania	PA	NO	0	0	0	0	0	0
40. Rhode Island	RI	NO	0	0	0	0	0	0
41. South Carolina	SC	NO	0	0	0	0	0	0
42. South Dakota	SD	NO	0	0	0	0	0	0
43. Tennessee	TN	NO	0	0	0	0	0	0
44. Texas	TX	NO	0	0	0	0	0	0
45. Utah	UT	NO	0	0	0	0	0	0
46. Vermont	VT	NO	0	0	0	0	0	0
47. Virginia	VA	NO	0	0	0	0	0	0
48. Washington	WA	NO	0	0	0	0	0	0
49. West Virginia	WV	NO	0	0	0	0	0	0
50. Wisconsin	WI	NO	0	0	0	0	0	0
51. Wyoming	WY	NO	0	0	0	0	0	0
52. American Samoa	AS	NO	0	0	0	0	0	0
53. Guam	GU	NO	0	0	0	0	0	0
54. Puerto Rico	PR	NO	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	NO	0	0	0	0	0	0
56. Canada	CN	NO	0	0	0	0	0	0
57. Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0
58. Totals (Direct Business)	XXX	(a) 1	0	0	28,008,608	0	0	0
DETAILS OF WRITE-INS								
5701.	XXX	XXX						
5702.	XXX	XXX						
5703.	XXX	XXX						
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	XXX	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX	XXX	0	0	0	0	0	0

Explanation of basis of allocation of premiums by states, etc. of premiums and annuity considerations

(a) Insert the number of yes responses except for Canada and Other Alien.

Organization Chart



ANNUAL STATEMENT FOR THE YEAR 2004 OF THE M CAID

OVERFLOW PAGE FOR WRITE-INS